

Message Text

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ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 FAA-00 SS-15 NSC-05 L-03 H-02

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R 092204Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

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E.O. 11652:N/A

TAGS: EAIR, MX

SUBJECT: CIVAIR: US-MEXICO NEGOTIATIONS

REF: MEXICO 1455

1. IN GENERAL EFFORT TO MAKE MEXICAN AUTHORITIES MORE
RECEPTIVE TO US PROPOSALS DURING FORTHCOMING MARCH CIVAIR
TALKS, EMBASSY MAY APPROACH APPROPRIATE MEXICAN OFFICIALS
ON INFORMAL BASIS AND CONVEY MESSAGE THAT MEXICO WOULD
GAIN SIGNIFICANT ECONOMIC ADVANTAGES BY REACHING AGREEMENT
WITH US ON OUR TERMS. FOLLOWING TALKING POINTS SUGGESTED:

2. (A) TOURISM IS IMPORTANT TO OVERALL MEXICAN ECONOMIC
INTERESTS, AND ADDITIONAL US-MEXICO AVIATION ROUTES ARE
IMPORTANT TO DEVELOPMENT OF TOURISM - (1) DIRECT US
TOURIST EXPENDITURES IN MEXICO OF 1.5 BILLION DOLS IN 1975,
GENERATED APPROXIMATELY 4.5 BILLION DOLS IN REVENUES.

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TOURISM SUPPORTS DIRECTLY AND INDIRECTLY 1 MILLION JOBS.

(2) IF NEW ROUTES TO MEXICAN RESORT POINTS ARE ESTABLISHED, NUMBER OF US CITIZENS FLYING TO MEXICO COULD INCREASE TO 2 MILLION BY 1980. THIS WOULD RESULT IN ANNUAL DIRECT US TOURIST EXPENDITURES OF 2.3 BILLION DOLS BY 1980. INDIRECT EXPENDITURES WOULD INCREASE THIS IMPACT ON THE MEXICAN

ECONOMY THREEFOLD. THE CUMMULATIVE EFFECT OVER NEXT FIVE YEARS OF AN EXPANDED BILATERAL AGREEMENT COULD BE AN ADDED 2.2 BILLION DOLS IN TOURIST EXPENDITURES AND AVIATION REVENUES.

(B) ADDITIONAL US AIR ROUTES WOULD ALSO BENEFIT MEXICAN AIRLINES - (1) FROM 1970 TO 1974 ANNUAL NUMBER OF AIRLINE PASSENGERS MOVING BETWEEN US AND MEXICO NEARLY DOUBLED, FROM 1.8 MILLION TO 3.2 MILLION (OF WHICH 1 MILLION WERE US CITIZENS). MEXICANA HAS CARRIED THE GREATEST NUMBER OF PASSENGERS BETWEEN THE TWO COUNTRIES. EVEN AT CONSTANT MARKET SHARE OF 34 PERCENT REVENUES FOR MEXICAN CARRIERS HAVE NEARLY DOUBLED (FROM 47 MILLION DOLS TO 83 MILLION DOLS) BETWEEN 1971 AND 1974. (2) ADDITION OF RESORT POINTS COULD MEAN THAT MEXICAN AIRLINES WOULD GROSS OVER 100 MILLION DOLS FROM US ROUTES BY 1980, OF WHICH 20 MILLION DOLS COULD BE ATTRIBUTED TO INCREASE IN US CITIZEN TRAVEL.

(C) PASSENGERS BETWEEN UNITED STATES AND CENTRAL/ SOUTH AMERICA NOW BY-PASS MEXICO. IF ALLOWED STOPOVER OPPORTUNITY THEY WOULD ADD TO MEXICO'S TOURISM REVENUES - (1) NUMBER OF US PASSENGERS BETWEEN US AND CENTRAL/SOUTH AMERICA GREATLY EXCEED NUMBER OF PASSENGERS BETWEEN LATIN AMERICAN COUNTRIES AND BETWEEN LATIN AMERICAN COUNTRIES AND MEXICO. (2) SINCE FORMER GROUP DOES NOT NOW USE MEXICAN AIRLINES TO FLY TO CENTRAL/SOUTH AMERICA, THEIR ABILITY TO VISIT MEXICO EN ROUTE WOULD NOT DIVERT TRAFFIC FROM MEXICAN CARRIERS, BUT WOULD INCREASE OPPORTUNITY FOR MEXICAN AIRLINE PARTICIPATION.

(D) PROJECTED TOURISM EXPANSION COULD MATERIALIZE ONLY IF PREPARATIONS ARE MADE NOW. PREPARATIONS SHOULD INCLUDE AIR TRANSPORT ARRANGEMENTS FAVORABLE TO TRAFFIC DEVELOP- LIMITED OFFICIAL USE

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MENT. - (1) SEVERAL YEARS WOULD BE REQUIRED FOR US AIRLINES TO REALIZE RETURN ON INVESTMENT IN NEW MARKETS. ROUTE SYSTEMS SHOULD COMBINE POINTS TO ENABLE VIABLE SERVICE PATTERNS AT ECONOMIC LOAD FACTORS. NEW ROUTES AUTHORIZED IN PRESENT AGREEMENT BUT NOT USED ARE NOT VIABLE. (2) TO ENABLE ECONOMIC AIRLINE OPERATIONS, US PROPOSES THAT ITS ROUTES BE REDEFINED TO ALLOW MEXICO SERVICE BY US AIRLINES NOW OVERFLYING MEXICO EN

ROUTE TO CENTRAL AND SOUTH AMERICA; AND, AT LEAST INITIALLY, TO ALLOW NEW FLIGHTS FOR NEW MARKETS ONLY IF THESE MARKETS ARE COMBINED WITH STRONGER POINTS, E.G. NEW RESORTS SHOULD BE SERVED ON SAME FLIGHTS OR IN CONJUNCTION WITH FLIGHTS SERVING POINTS SUCH AS MEXICO CITY OR ACAPULCO.

3. RE REFTTEL, DEPARTMENT WILL ADVISE EMBASSY OF USDEL COMPOSITION AS SOON AS DELEGATION LIST IS FINALIZED. THIS IS EXPECTED TO BE DONE SHORTLY. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, TOURISM, NEGOTIATIONS, COST ESTIMATES
Control Number: n/a
Copy: SINGLE
Draft Date: 09 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchant0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE031590
Document Source: CORE
Document Unique ID: 00
Drafter: AJRIMAS:DAP
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760050-0199
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760267/aaaacgql.tel
Line Count: 125
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 MEXICO 1455
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2004 by coburnhl>; APPROVED <28 OCT 2004 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: US-MEXICO NEGOTIATIONS
TAGS: EAIR, MX
To: MEXICO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006